

**Kaiser Permanente**

**Agenda Item 5b**

**Responses to issues/questions posed at the March 2008 Health Benefits Committee**

Kaiser Permanente's\* capital is funded by two primary sources: tax-exempt bond financing and current year cash flow.

From year to year we keep our debt-to-capital ratio within a range that helps us ensure our A+ credit rating. Our total capital spend from 2004 to 2007 was approximately \$10.3 billion, which represents just under 8% of our total revenue for the same period. Of this amount \$3.3 billion was paid for with proceeds from tax-exempt bond financing, some of which was obtained prior to 2004. Though our debt-to-capital ratio will increase in years that we obtain financing, it moderates during subsequent years in which we do not borrow.

\* The term "Kaiser Permanente" in this answer means Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals.